

**.CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING ADVISORY COMMISSION**  
**Meeting Date: May 28, 2008**  
***Request for Tax-Exempt Bond Allocation Approval***

Prepared by: *Deanna Hamelin*

<b>Issuer:</b>	California Enterprise Development Authority (CEDA)	<b>Amount</b>	\$6,000,000
<b>Borrower:</b>	Cal-Can Holdings, LLC, and/ or a related or affiliated entity	<b>Requested:</b>	
<b>User:</b>	Redbarn Pet Products, Inc., and/or a related or affiliated entity	<b>Application No.:</b>	08-0002
<b>Location:</b>	City of Long Beach (Los Angeles County)	<b>Allocation</b>	
		<b>Resolution No.:</b>	08-0002A

**Borrower/User/Background:** Cal-Can Holdings, LLC (the “Borrower”) and Redbarn Pet Products, Inc. (the “User”) (collectively the “Company”) were organized in California on December 4, 2003 and September 23, 1997, respectively. The User is a manufacturer of premium dog food and treats. The User’s major customers include Petsmart, Petco, Kroger Stores, Ralph’s Supermarkets, Stop & Shop Stores and independent pet shops.

**Project Information:** The Company owns the property and existing buildings at 2148 & 2165 West 16<sup>th</sup> Street in the City of Long Beach (“16<sup>th</sup> Street Sites”), which currently house its production, distribution and administrative operations. In order to accommodate current needs and projected growth, and in order to improve operating efficiency, the Company will acquire land at 2110 West Cowles Street (“Cowles Street Site”) from the City of Long Beach Redevelopment Agency. The Company will use bond proceeds to purchase land at the Cowles Street Site and to construct a 50,000 square-foot building on that site. In addition, bond proceeds will be used for the acquisition of pet food manufacturing equipment and materials handling equipment for the Cowles Street Site and the 16<sup>th</sup> Street Sites, and for the renovation of existing buildings at the 16<sup>th</sup> Street Sites. The renovation will include electrical, ventilation, and drainage systems upgrades. Manufacturing and distribution activities will take place at both the Cowles Street Site and the 16<sup>th</sup> Street Sites, and a majority of administrative activities will be moved from the 16<sup>th</sup> Street Sites to the Cowles Street Site. All together, these components make up the “Project.”

**Current Request:** At its January 23, 2008 meeting, the Commission approved Initial and Final Resolution No. 08-0002 for the issuance of \$6,000,000 in tax-exempt bonds for the Issuer on behalf of the Cal-Can Holdings, LLC, and/or a related or affiliated entity Project. The current request is for approval of a transfer from the State’s 2008 allocation for qualified tax-exempt private activity Industrial Development Bonds (IDBs) an amount equal to \$6,000,000 to the Issuer for the Cal-Can Holdings, LLC, and/or a related or affiliated entity Project. The Project remains the same as approved by the Commission at its January 23, 2008 meeting. (Please see Attachment A.)

**CIDFAC Fees:** In accordance with CIDFAC regulations<sup>1</sup>, the Borrower has paid or will pay CIDFAC an application fee of \$1,250 and a closing fee of up to \$15,000.

<sup>1</sup> California Code of Regulations Title 10, Chapter 8, Article 3, §6070

**Recommendation:** Staff recommends approval of Allocation Resolution 08-0002A transferring from the State's 2008 allocation for qualified tax-exempt private activity IDBs an amount equal to \$6,000,000 to the Issuer for the Project. This transfer of allocation is subject to staff's analysis and approval of final bond documents, and receipt of bond counsel's opinion, as set forth in Initial and Final Resolution No. 08-0002.

**THE CALIFORNIA INDUSTRIAL DEVELOPMENT  
FINANCING ADVISORY COMMISSION  
RESOLUTION NO. 08-0002A  
RESOLUTION TRANSFERRING A PORTION OF THE 2008 STATE CEILING  
ON QUALIFIED PRIVATE ACTIVITY BONDS FOR A  
SMALL-ISSUE INDUSTRIAL DEVELOPMENT PROJECT**

**WHEREAS**, the California Debt Limit Allocation Committee (“CDLAC”) has awarded allocation to the California Industrial Development Financing Advisory Commission (the “Commission”) for the purpose of awarding a portion of the allocation to local and State issuers; and

**WHEREAS**, the Commission has the authority to transfer a portion of its allocation to local and State issuers; and

**WHEREAS**, the Commission has received an application (“Application”) from the California Enterprise Development Authority (“Applicant”) requesting a transfer to the Applicant of a portion of the 2008 State Ceiling on Qualified Private Activity Bonds (the “State Ceiling”) under Section 146 of the Internal Revenue Code of 1986, as amended, for use by the Applicant to issue bonds or other obligations (“Bonds”) for a project as specifically described in Exhibit A (“Project”) (capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Procedures of the Commission Implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds (the “Commission’s Procedures”)); and

**WHEREAS**, the Project Sponsor (as defined in Exhibit A) has represented certain facts and information concerning the Project in the Application, which the Applicant has confirmed; and

**WHEREAS**, in evaluating the Project and potential allocation of a portion of the State Ceiling to the Applicant for the benefit of the Project, the Commission has relied upon the

written facts and information represented in the Application by the Project Sponsor and the Applicant; and

**WHEREAS**, it is appropriate for the Commission to make a transfer of a portion of the State Ceiling (“Allocation”) in order to benefit the Project described in the Application.

**NOW, THEREFORE**, the California Industrial Development Financing Advisory Commission resolves as follows:

Section 1. There will be a transfer to the Applicant an amount of the State Ceiling equal to \$6,000,000. Such Allocation may be used only by the Applicant and only for the issuance of Bonds for the Project, as specifically described in Exhibit A. All of the terms and conditions of Exhibit A are incorporated as though fully set forth herein (this resolution, together with Exhibit A, hereinafter referred to as the “Resolution”).

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds, and the Project Sponsor, the Applicant and their respective successors and assigns will be bound by such terms and conditions.

Section 3. Any modification to the Project made prior to the issuance of the Bonds must be reported to the Executive Director and, if the Executive Director determines such modification to be material in light of the Commission’s Procedures, such modification shall require reconsideration by the Commission before the Allocation may be used for the Project. Once the Bonds are issued, the terms and conditions set forth in this Resolution shall be enforceable by the Commission through an action for specific performance or any other available remedy, provided however, that the Commission agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of the Bondholders. The Commission may, as circumstances warrant, consent to changes in the terms and conditions set forth in this Resolution in the event the Commission is advised of changes in the Project.

**Agenda Item – 5.B.1.**

Section 4. Prior to the issuance of the Bonds, any material changes in the structure of the any credit enhancement of the bonds not previously approved by the Commission shall require approval of the Commission Chair or the Executive Director.

Section 5. The Applicant is not authorized to use the Allocation transferred hereby to make a carryforward election with respect to the Project. The Applicant is not authorized to transfer the Allocation to any governmental unit in the State other than this Commission.

Section 6. The potential Allocation transferred herein shall automatically revert to this Commission unless the Applicant has issued Bonds for the Project by the close of business within 90 days of the award of Allocation. In the case of extreme hardship, the Executive Director may extend this date by up to five (5) business days.

Section 7. Within twenty-four (24) hours of using the Allocation to issue the Bonds, the Applicant shall notify the Commission's staff and CDLAC's staff in writing (which may be by electronic or facsimile communication) that the Allocation has been used. Each notification to the Commission and to CDLAC shall identify the Applicant, the project or program, the date the Allocation was used, and the amount of the Allocation used.

Section 8. Within fifteen (15) calendar days of the issuance of the Bonds, the Applicant or its counsel shall formally transmit to CDLAC information regarding the issuance of the Bonds by submitting, in a form prescribed by and made available by CDLAC, a completed Report of Action Taken.

Section 9. Any differences between the amount of Bonds issued and the amount of the Allocation granted in Section 1 of this Resolution shall automatically revert to the Commission. If at any time prior to the expiration date set forth in Section 6 of this Resolution the Applicant determines that part or all of the Allocation will not be used to issue Bonds by that date,

**Agenda Item – 5.B.1.**

the Applicant shall take prompt action by resolution of its governing board or by action of its authorized officer to return such unused Allocation to the Commission.

Section 10. The staff of the Commission is authorized and directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain, for the term of the Bonds, a copy of this Resolution in the Applicant's official records. The Commission staff is further directed to retain a copy of this Resolution in the files of the Commission (or any successor thereto) for the same period of time.

Section 11. In consideration of the potential Allocation to be transferred to the Applicant and the Project Sponsor, the Applicant and the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Further, the Applicant and the Project Sponsor expressly agree that the terms and conditions of this Resolution may be enforced by the Commission through an action for specific performance or any other available remedy, provided however, that the Commission expressly agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of the Bondholders. In addition, the Applicant and the Project Sponsor shall ensure that the Bond documents, as appropriate, expressly provide that the Commission is a third party beneficiary of the terms and conditions set forth in this Resolution.

Section 12. The Project Sponsor or its successor-in-interest shall provide certifications of compliance with the terms and conditions set forth in this Resolution when reasonably requested by the Commission.

Section 13. This Resolution shall take effect upon its adoption.

**EXHIBIT A**

**RESOLUTION NO: 08-0002A  
(A SMALL-ISSUE INDUSTRIAL DEVELOPMENT PROJECT)**

1. Applicant: California Enterprise Development Authority
2. Application No.: 08-0002
3. Project Sponsor: Cal-Can Holdings, LLC, and/or a related or affiliated entity
4. Project User: Redbarn Pet Products, Inc., and/or a related or affiliated entity
5. Project Name: Redbarn Pet Products, Inc. Project
6. Addresses: 2110 West Cowles Street and  
2148 & 2165 West 16<sup>th</sup> Street  
Location: Long Beach, CA 90813  
County: Los Angeles County
7. Amount of Allocation: \$6,000,000
8. The Project Sponsor has represented that it reasonably expects the User will use its best efforts to achieve the following within two years of the completion of the Project:
  - The creation of 53 additional direct, full-time management, skilled/semi-skilled, and unskilled jobs.

**CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING ADVISORY COMMISSION  
INDUSTRIAL DEVELOPMENT BONDS**

**Meeting Date: January 23, 2008**

***Request for Initial and Final Resolution for Tax Exempt Bond Approval***

Prepared by: *Deanna Hamelin*

<b>Issuer:</b>	California Enterprise Development Authority (CEDA)	<b>Amount Requested:</b>	\$6,000,000
<b>Borrower:</b>	Cal-Can Holdings, LLC, and/or a related or affiliated entity	<b>Application No.:</b>	08-0002
<b>User:</b>	Redbarn Pet Products, Inc., and/or a related or affiliated entity	<b>IR &amp; FR No.:</b>	08-0002
<b>Location:</b>	City of Long Beach (Los Angeles County)		

**Borrower/User/Background:** Cal-Can Holdings, LLC (the “Borrower”) and Redbarn Pet Products, Inc. (the “User”) (collectively the “Company”) were organized in California on December 4, 2003 and September 23, 1997, respectively. The User is a manufacturer of premium, nutritious dog food and treats. The User’s major customers include Petsmart, Petco, Kroger Stores, Ralph’s Supermarkets, Stop & Shop Stores, and independent pet shops.

**Project Information:** The Company owns the property and existing buildings at 2148 & 2165 West 16<sup>th</sup> Street in the City of Long Beach (16<sup>th</sup> Street Sites), which currently house its production, distribution and administrative operations. The Company is in the process of acquiring the land at 2110 West Cowles Street (Cowles Site) from the City of Long Beach Redevelopment Agency. In order to accommodate current needs and projected growth, and in order to improve operating efficiency, the Company will use bond proceeds to construct a 55,000 square foot building at the Cowles Site in the City of Long Beach, which will house the majority of the Company’s manufacturing, distribution, and administrative operations as well as some manufacturing and distribution operations (the “Project”). In addition, bond proceeds will be used for the acquisition of pet food manufacturing equipment and materials handling equipment for the Cowles Site. The Company also plans to use bond proceeds to renovate the existing buildings at the 16<sup>th</sup> Street Sites, including upgrading plumbing and environmental control systems, to accommodate increased production volumes and acquisition of new production equipment. All together, these components make up the “Project”.

**Anticipated Timeline:** Construction of the new building at the Cowles site is anticipated to begin soon after the Industrial Development Bonds (IDBs) are issued and will take approximately 18 months to complete. The new equipment will be acquired during this same timeframe.

**Prior Actions/Financing:** None



Attachment A

**Local Government Support:** The Company provided a letter from Robert M. Swayze, Economic Development Bureau Manager for the City of Long Beach, in support of the Project. (See Attachment A.)

**Statutory Criteria:** 1) Public Benefits, 2) Relocation and 3) Bond Issue Qualification: Points have been awarded based on evaluation consistent with CDLAC guidelines. However, CDLAC does not require the evaluation of points for all statutory criteria.

**PUBLIC BENEFITS:** Consistent with CDLAC guidelines, the CIDFAC staff has awarded a total of 25 verifiable points to the Project. While none of the 25 points awarded are based upon the creation or retention jobs, the User currently employs approximately 154 individuals in California and expects to create a total of 53 new jobs statewide within two years of completion of the project.

**RELOCATION OF COMPANY OPERATIONS (No point evaluation required):** There is no relocation. The Company will remain in the City of Long Beach.

**QUALIFICATION OF BOND ISSUANCE (No point evaluation required):** Based upon the proposed financial structure, and based upon the application and other materials submitted to CIDFAC for the proposed Project, staff believes the bonds that will be issued in connection with the Project: (a) will be adequately secured; (b) will be fair, just, and equitable to a purchaser of the bonds; and (c) will not work a fraud upon the bond purchaser. Final determination of qualification of the bonds will be subject to review of final bond documents prior to the issuance of bonds.

**Status Of Permit/Other Required Approvals:**

- The California Enterprise Development Authority adopted an Inducement Resolution for the Project in an aggregate amount not to exceed \$9,000,000 on August 28, 2007.
- A TEFRA hearing was held by City of Long Beach on December 11, 2007.
- The Project involves the acquisition of a vacant parcel of land that is zoned for commercial and light manufacturing uses. No land use or zoning approvals and no permits are required to accommodate the Company's operations. A letter from the City of Long Beach is attached that confirms that no land use or zoning approvals or permits are required for the planned facility. (See Attachment A.)

**Financing Details:** The tax-exempt IDBs will be sold in a public offering. The bonds will be variable rate bonds repayable over a 25-year period and will be secured by an irrevocable Letter of Credit issued by U.S. Bank.

**Financing team:**

**Issuer:** California Enterprise Development  
Authority (CEDA)  
**Bond Counsel:** Kutak Rock LLP  
**Underwriter:** Gates Capital Corporation  
**Financial Advisor:** Growth Capital Associates, Inc.

Attachment A

**Legal Questionnaire:** The Staff has reviewed the Borrower's/User's responses to the questions contained in the Legal Status portion of the Application. There was no information disclosed that raises questions concerning the financial viability or legal integrity of the applicants.

**Recommendation:** Staff recommends approval of Initial and Final Resolution Nos. 08-0002 for an amount not to exceed \$6,000,000 in tax-exempt bonds for Cal Can Holdings, LLC and Redbarn Pet Products, Inc, subject to staff analysis and approval of final bond documents, including bond counsel's opinion, as set forth in Initial and Final Resolution Nos. 08-0002.

Attachment A

**CAL-CAN HOLDINGS, LLC AND  
REDBARN PET PRODUCTS INC.,  
AND/OR A RELATED OR  
AFFILIATED ENTITY**

**Bond Amount: \$6,000,000**

City of Long Beach (Los Angeles  
County)

Application No. 08-0002

January 23, 2008

**STAFF SUMMARY – CIDFAC**

**Prepared by:** *Deanna Hamelin*

**ISSUE:**

On behalf of Cal-Can Holdings, LLC (the “Borrower”), Redbarn Pet Products, Inc. (the “User”) and/or related or affiliated entities, collectively (the “Company”), the California Enterprise Development Authority (“CEDA” or the “Issuer”) requests approval of the Initial and Final Resolution No. 08-0002 for an amount up to \$6,000,000. Bond proceeds will be used to finance the acquisition and construction of a new 55,000 square-foot building on a vacant 100,000 foot parcel of land in the City of Long Beach. Proceeds will also be used for the acquisition of equipment for the new facility. In addition, bond proceeds will be used for building renovations at the Company’s current site, which will include upgrading plumbing and environmental control systems.

**CDLAC.** The Company anticipates receiving allocation at the March 26, 2008 CDLAC meeting.

**BORROWER/USER:**

The Borrower and the User (collectively, the “Company”) were organized in California on December 4, 2003 and September 23, 1997, respectively. The User is a manufacturer of premium, nutritious dog food and treats. Redbarn Pet Products was started by two friends who believe there is an alternative to feeding dogs plain, dry dog food. The idea was to capture the natural proteins found in fresh meat and to develop dog food that is meat-based, naturally preserved, and convenient to use. The result was the Redbarn Premium Food for Dogs in the roll format. With the help of food nutritionists, the food was perfected and developed into various flavors. The User also manufactures an assortment of premium quality dog treats. The User’s major customers include Petsmart, Petco, Kroger Stores, Ralph’s Supermarkets, Stop & Shop Stores, and independent pet shops.

The principal owners of the Company are as follows:

Jeff Baikie .....	50%
Howard Bloxam .....	50%
<b>Total: .....</b>	<b>100%</b>

Attachment A

**Legal Questionnaire.** The Staff has reviewed the Company's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

**Prior Actions and Financings.** None.

**LOCAL GOVERNMENT SUPPORT:**

The Company provided a letter from Robert M. Swayze, Economic Development Bureau Manager for the City of Long Beach, in support of the Project. (See Attachment A.)

**PROJECT INFORMATION:**

The Company owns the property and existing buildings at 2148 & 2165 West 16<sup>th</sup> Street in the City of Long Beach (16<sup>th</sup> Street Sites), which currently house its production, distribution and administrative operations. The Company is in the process of acquiring the land at 2110 West Cowles Street (Cowles Site) from the City of Long Beach Redevelopment Agency. In order to accommodate current needs and projected growth, and in order to improve operating efficiency, the Company will use bond proceeds to construct a 55,000 square foot building at the Cowles Site in the City of Long Beach, which will ~~to house the majority of the Company's manufacturing, distribution, and administrative operations as well as some manufacturing and distribution operations (the "Project")~~. In addition, bond proceeds will be used for the acquisition of pet food manufacturing equipment and materials handling equipment for the Cowles Site. The Company also plans to use bond proceeds to renovate the existing buildings at the 16<sup>th</sup> Street Sites, including upgrading plumbing and environmental control systems, to accommodate increased production volumes and acquisition of new production equipment. All together, these components make up the "Project".

The anticipated Project and issuance costs are listed below:

Acquisition of Land .....	\$1,500,000
Construction of New	
Buildings and Building	
Renovations.....	4,380,000
Letter of Credit Fee .....	120,000
<b>Total: .....</b>	<b><u>\$6,000,000</u></b>

**Anticipated Timeline.** Construction of the new building at the Cowles site is anticipated to begin soon after the IDBs are issued and will take approximately 18 months to complete. The new equipment will be acquired during this same timeframe.

**Status Of Permit/Other Required Approvals:**

- The California Enterprise Development Authority adopted an Inducement Resolution in an aggregate amount not to exceed \$9,000,000 for the Project on August 28, 2007.
- A TEFRA hearing was conducted by the City of Long Beach on December 11, 2007
- The Project involves the acquisition of a vacant parcel of land that is zoned commercial and light manufacturing uses. No land use or zoning approvals are required to accommodate the

Attachment A

operations. A letter from the City of Long Beach is attached that confirms that no land use or zoning approvals or permits are required for the planned facility. (See Attachment A.)

**STATUTORY CRITERIA:** 1) Public Benefits, 2) Relocation and 3) Bond Issue Qualification: Points have been awarded based on evaluation consistent with CDLAC guidelines. However, CDLAC does not require the evaluation of points for all statutory criteria.

- 1) **PUBLIC BENEFITS:** The staff assigned a total of 25 verifiable points to the Project, which are detailed below:

**Community Economic Need (15 points):**

**Poverty Rate of Project Area (5 points):** The poverty rate for the Project area is 25%, which is 236% of the statewide average of 10.6%.

**Special Designation Area (5 points):** The project area is located in a designated State Enterprise Zone within the City of Long Beach.

**Median Family Income (5 points):** The Project is located in the City of Long Beach, census tract 5755, where the average median family income is \$34,238. Given that the median family income for the State of California is \$53,025, the median family income for the Project area is 64.6% of the statewide average.

**Employment Benefits (Job Creation/Retention = 0 points):** Although this Project was not awarded points for job creation or job retention, the Company represents that it currently employs 154 individuals at the Project site, which is located in an Enterprise Zone, and it anticipates hiring an additional 53 employees within two years of completion of the Project.

**Land Use (5 points):** The Company provided a letter from the City of Long Beach stating that the project reuses a previously vacant parcel of land that has all infrastructure improvements in place. (See Attachment A.)

**Public Transit Corridor (5 points):** The Company provided verification that the Project sites are located within a Public Transit Corridor. The Long Beach Transit System bus routes 191, 192, and 193 run within ¼ of a mile of the Project sites.

- 2) **RELOCATION OF COMPANY OPERATIONS (No point evaluation required):** There is no relocation. The Company will remain in the City of Long Beach.
- 3) **QUALIFICATION OF BOND ISSUANCE (No point evaluation required):** Based upon the proposed financial structure, and based upon the application and other materials submitted to CIDFAC for the proposed Project, staff believes the bonds that will be issued in connection with the Project: (a) will be adequately secured; (b) will be fair, just, and equitable to a purchaser of the bonds; and (c) will not work a fraud upon the bond

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purchaser. Final determination of qualification of the bonds will be subject to review of final bond documents prior to the issuance of bonds.

**FINANCING DETAILS:**

The tax-exempt Industrial Development Bonds (IDBs) will be sold in a public offering. The bonds will be variable rate bonds repayable over a 25-year period and will be secured by an irrevocable Letter of Credit issued by U.S. Bank.

**FINANCING TEAM:**

**Issuer:** California Enterprise Development  
Authority (CEDA)  
**Bond Counsel:** Kutak Rock LLP  
**Underwriter:** Gates Capital Corporation  
**Financial Advisor:** Growth Capital Associates, Inc.

**RECOMMENDATION:**

Staff recommends approval of Initial and Final Resolution Nos. 08-0002 for an amount not to exceed \$6,000,000 in tax-exempt bonds for Cal Can Holdings, LLC and Redbarn Pet Products, Inc, subject to staff analysis and approval of final bond documents, including bond counsel's opinion, as set forth in Initial and Final Resolution Nos. 08-0002.

INITIAL AND FINAL RESOLUTION  
OF THE  
CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING  
ADVISORY COMMISSION (CIDFAC)  
INDUSTRIAL DEVELOPMENT BONDS  
IR/FR #: 08-0002

WHEREAS, California Enterprise Development Authority (CEDA) (the “Authority”) has transmitted the application of Cal Can Holdings, LLC, Redbarn Pet Products, Inc. and/or its affiliates (the “Applicant”) for the issuance of \$6,000,000 of tax exempt bonds under the provisions of the California Industrial Development Financing Act, and has informed the California Industrial Development Financing Advisory Commission (the “Commission”) that it has adopted a resolution declaring its intention to issue such bonds and that the City of Long Beach has held a public hearing regarding the issuance of the bonds and has approved the issuance of the bonds by the Authority; and

WHEREAS, the Commission has reviewed the application and the materials submitted with the application.

NOW, THEREFORE, the Commission resolves as follows;

Section 1. The Commission, based on its review of the application and the information submitted therewith, does determine that:

(a) the public benefits from the undertaking of the Project described in the application likely will substantially exceed any public detriment from the issuance of the bonds in the estimated principal amount of \$6,000,000; and

(b) use of the Project described in the application and the operation of the Project described in the application is reasonably necessary to prevent the relocation of

**Attachment A**

substantial operations of the Applicant from an area within the State of California to an area outside of the State of California.

Section 2. The Commission conditionally finds that the proposed issuance of the bonds qualifies under the provisions of Article 5 of Title 10 of the Government Code, and further finds that:

(a) the bonds will be adequately secured and the funds available to the Applicant will apparently be sufficient to pay the principal of and interest on the bonds to be issued; and

(b) based on its review of the preliminary material submitted to it and as provided for under Government Code Section 91571, the proposed issuance will be fair, just and equitable to a purchaser of the bonds, and that the bonds proposed to be issued and the methods to be used by the Authority in issuing them will not be such as will work a fraud upon the purchaser thereof.

Section 3. The Commission determines that it is appropriate to the proposed transaction that the qualification of the proposed issuance be subject to the following conditions:

(a) that the Bond Counsel Opinion, when ready for execution, be submitted to Commission staff;

(b) that the final legal documents, when ready for execution, be submitted for review by Commission staff. Submitted documents shall include:

- (i) Loan Agreement,
- (ii) Indenture of Trust,
- (iii) Purchase Contract,
- (iv) Bond Resolution,



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- (v) Letter of Credit,
- (vi) Other documents which, in the opinion of Commission staff, are necessary to the review of the transaction;
- (c) that the Commission staff determine that the final documents associated with the transaction have been developed in form and content substantially similar to the representations in the application on which the findings under Section 2. above are based;
- (d) that the bonds, when issued, are within the maximum limitation of bonds authorized in the California Industrial Development Financing Act (Section 91573(a) of California Government Code);
- (e) that the Commission receive all applicable fees prior to the issuance of the bonds or that the bond documents indicate that funds are available at closing from the proceeds of the bonds and/or funds provided by the Applicant to pay such fees; and
- (f) that the Applicant has agreed to comply with Section 91533(l) of the Government Code relating to the payment of prevailing wages.

Section 4. This Resolution shall cease to be effective if the above-described bonds have not been issued within six months after the date of adoption of this Resolution.

Section 5. In compliance with the provision of the California Industrial Development Financing Act (Section 91754 California Government Code), the qualification of the proposed bond issue by this resolution is permissive only, and does not constitute a recommendation or endorsement of the bonds so qualified by the Commission.

## Attachment A

